

**OFFICE OF
STATE AUDITOR**

AUDIT REPORT

**SOUTHWEST MULTI-COUNTY
CORRECTIONAL CENTER
DICKINSON, NORTH DAKOTA**

**FOR THE YEARS ENDED
DECEMBER 31, 2010
DECEMBER 31, 2009
DECEMBER 31, 2008**



SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

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SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
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SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

OFFICIALS

December 31, 2010

Duane Wolf	President
Clifford Ferebee	Vice President
Mike Kasian	Secretary/Treasurer
John Plaggemeyer	Board Member
Michael Sonsalla	Board Member
Kenneth Steiner	Board Member
Ken Rooks	SWMCCC Operations Admin
Joshua Bearfield	DWCRC Operations Admin
Connie Monson	Financial Administrator

December 31, 2009

Duane Wolf	President
Clifford Ferebee	Vice President
Mike Kasian	Secretary/Treasurer
Thomas Geerts	Board Member
Michael Sonsalla	Board Member
Kenneth Steiner	Board Member
Ken Rooks	SWMCCC Operations Admin
Colby Braun	DWCRC Operations Admin
Connie Monson	Financial Administrator

December 31, 2008

Duane Wolf	President
Clifford Ferebee	Vice President
Mike Kasian	Secretary/Treasurer
Thomas Geerts	Board Member
Michael Sonsalla	Board Member
Kenneth Steiner	Board Member
Ken Rooks	SWMCCC Operations Admin
Colby Braun	DWCRC Operations Admin
Connie Monson	Financial Administrator

STATE AUDITOR

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OFFICE OF THE STATE AUDITOR
STATE CAPITOL
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BISMARCK, NORTH DAKOTA 58505

INDEPENDENT AUDITOR'S REPORT

Board of Center Commissioners
Southwest Multi-County Correctional Center
Dickinson, North Dakota

We have audited the accompanying financial statements of the governmental activities and the major fund of the Southwest Multi-County Correctional Center, Dickinson, North Dakota, as of and for the years ended December 31, 2010, 2009, and 2008, which collectively comprise the Correctional Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Southwest Multi-County Correctional Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Southwest Multi-County Correctional Center, Dickinson, North Dakota, as of December 31, 2010, 2009, and 2008, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2012, on our consideration of the Correctional Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The budgetary comparison information on pages 32 through 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Southwest Multi-County Correctional Center has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Independent Auditor's Report - Continued

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southwest Multi-County Correctional Center's basic financial statements. The schedule of fund activity is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of fund activity has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Robert R. Peterson
State Auditor

January 19, 2012

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF NET ASSETS
December 31, 2010

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Investments	\$ 3,727,621
Accounts Receivable	558,761
Note Receivable	40,766
Capital Assets (net of accumulated depreciation):	
Land	5,750
Building Improvements	504,478
Buildings	2,446,735
Vehicles	38,390
Equipment	62,622
Construction in Progress	626,565
Total Capital Assets	<u>\$ 3,684,540</u>
Total Assets	<u>\$ 8,011,688</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 374,063
Sales Tax Payable	1,802
State Tax Payable	13,803
Retainage Payable	54,510
Interest Payable	7
Long-Term Liabilities:	
Due Within One Year:	
Loans Payable	58,910
Compensated Absences	16,408
Due After One Year:	
Loans Payable	180,000
Compensated Absences	<u>147,675</u>
Total Liabilities	<u>\$ 847,178</u>
<u>NET ASSETS:</u>	
Invested in Capital Assets Net of Related Debt	\$ 3,445,630
Restricted for:	
Public Safety	<u>3,718,880</u>
Total Net Assets	<u>\$ 7,164,510</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for	Operational	Revenue and
		Services	Grants and	Net Assets
			Contributions	Changes in
<u>Governmental Activities:</u>				
Public Safety	\$ 6,547,698	\$ 6,460,806	\$ 25,242	\$ (61,650)
Interest & Service Charges	369	-	-	(369)
Total Governmental Activities	<u>\$ 6,548,067</u>	<u>\$ 6,460,806</u>	<u>\$ 25,242</u>	<u>\$ (62,019)</u>
<u>General Revenues:</u>				
				\$ 58,369
				<u>293,799</u>
				<u>\$ 352,168</u>
				<u>\$ 290,149</u>
				<u>\$ 6,874,361</u>
				<u>\$ 7,164,510</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	<u>ASSETS</u>	<u>General</u>
Cash and Investments		\$ 3,727,621
Accounts Receivable		558,761
Note Receivable		<u>40,766</u>
Total Assets		<u>\$ 4,327,148</u>
	<u>LIABILITIES AND FUND BALANCES</u>	
<u>Liabilities:</u>		
Accounts Payable		\$ 374,063
Sales Tax Payable		1,802
State Tax Payable		13,803
Retainage Payable		<u>54,510</u>
Total Liabilities		<u>\$ 444,178</u>
<u>Fund Balances:</u>		
Unreserved Reported In:		
General Fund		<u>\$ 3,882,970</u>
Total Fund Balances		<u>\$ 3,882,970</u>
Total Liabilities and Fund Balances		<u>\$ 4,327,148</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2010

Total *Fund Balances* for Governmental Funds \$ 3,882,970

Total *net assets* reported for government activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	\$ 4,300,717	
Less Accumulated Depreciation	<u>(616,177)</u>	
Net Capital Assets		3,684,540

Long-term liabilities applicable to the Center's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net assets. Balances at December 31, 2010 are:

Interest Payable	\$ (7)	
Loans Payable	(238,910)	
Compensated Absences	<u>(164,083)</u>	
Total Long-Term Liabilities		<u>(403,000)</u>

Total Net Assets of Governmental Activities \$ 7,164,510

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010

	<u>General</u>
<u>Revenues:</u>	
Intergovernmental	\$ 25,242
Charge for Services	6,460,806
Interest	58,369
Miscellaneous	<u>293,799</u>
Total Revenues	<u>\$ 6,838,216</u>
<u>Expenditures:</u>	
Current:	
Public Safety	\$ 7,203,069
Debt Service:	
Principal	89,236
Interest	<u>376</u>
Total Expenditures	<u>\$ 7,292,681</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (454,465)</u>
Fund Balance - January 1	<u>\$ 4,337,435</u>
Fund Balance - December 31	<u><u>\$ 3,882,970</u></u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

Net Change in *Fund Balances* - Total Governmental Funds \$ (454,465)

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year.

Current Year Capital Outlay	\$ 788,756	
Current Year Depreciation Expense	<u>(103,882)</u>	684,874

The net effect of miscellaneous transactions involving capital assets is to decrease net capital assets. (12,973)

The proceeds of debt issuances are reporting as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayment exceeded debt proceeds.

Repayment of Debt - Loans Payable		89,236
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	\$ (16,530)	
Net Change in Interest Payable	<u>7</u>	<u>(16,523)</u>

Change in Net Assets of Governmental Activities \$ 290,149

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF NET ASSETS
December 31, 2009

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Investments	\$ 3,942,681
Accounts Receivable	519,955
Note Receivable	33,381
Undeposited Funds	66
Capital Assets (net of accumulated depreciation):	
Land	5,750
Building Improvements	413,762
Buildings	2,501,782
Vehicles	35,975
Equipment	55,370
Total Capital Assets	<u>\$ 3,012,639</u>
Total Assets	<u>\$ 7,508,722</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 158,377
Sales Tax Payable	271
Interest Payable	14
Long-Term Liabilities:	
Due Within One Year:	
Loans Payable	89,236
Compensated Absences	14,756
Due After One Year:	
Loans Payable	238,910
Compensated Absences	<u>132,797</u>
Total Liabilities	<u>\$ 634,361</u>
<u>NET ASSETS:</u>	
Invested in Capital Assets Net of Related Debt	\$ 2,684,493
Restricted for:	
Public Safety	<u>4,189,868</u>
Total Net Assets	<u>\$ 6,874,361</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Net Assets Changes in
		Charges for Services	Operational Grants and Contributions	
<u>Governmental Activities:</u>				
Public Safety	\$ 6,177,577	\$ 6,124,999	\$ 30,412	\$ (22,166)
Interest & Service Charges	592	-	-	(592)
Total Governmental Activities	<u>\$ 6,178,169</u>	<u>\$ 6,124,999</u>	<u>\$ 30,412</u>	<u>\$ (22,758)</u>
<u>General Revenues:</u>				
Interest Income				\$ 96,885
Miscellaneous Income				<u>295,108</u>
Total General Revenues				<u>\$ 391,993</u>
Change in Net Assets				<u>\$ 369,235</u>
Net Assets - January 1				<u>\$ 6,505,126</u>
Net Assets - December 31				<u>\$ 6,874,361</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009

	<u>ASSETS</u>	<u>General</u>
Cash and Investments		\$ 3,942,681
Accounts Receivable		519,955
Note Receivable		33,381
Undeposited Funds		<u>66</u>
Total Assets		<u>\$ 4,496,083</u>
	<u>LIABILITIES AND FUND BALANCES</u>	
<u>Liabilities:</u>		
Accounts Payable		\$ 158,377
Sales Tax Payable		<u>271</u>
Total Liabilities		<u>\$ 158,648</u>
<u>Fund Balances:</u>		
Unreserved Reported In:		
General Fund		<u>\$ 4,337,435</u>
Total Fund Balances		<u>\$ 4,337,435</u>
Total Liabilities and Fund Balances		<u>\$ 4,496,083</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2009

Total *Fund Balances* for Governmental Funds \$ 4,337,435

Total *net assets* reported for government activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	\$ 3,539,425	
Less Accumulated Depreciation	<u>(526,786)</u>	
Net Capital Assets		3,012,639

Long-term liabilities applicable to the Center's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net assets. Balances at December 31, 2009 are:

Interest Payable	\$ (14)	
Loans Payable	(328,146)	
Compensated Absences	<u>(147,553)</u>	
Total Long-Term Liabilities		<u>(475,713)</u>

Total Net Assets of Governmental Activities \$ 6,874,361

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2009

	<u>General</u>
<u>Revenues:</u>	
Intergovernmental	\$ 30,412
Charge for Services	6,124,999
Interest	96,885
Miscellaneous	<u>295,108</u>
Total Revenues	<u>\$ 6,547,404</u>
<u>Expenditures:</u>	
Current:	
Public Safety	\$ 6,202,485
Debt Service:	
Principal	134,013
Interest	<u>599</u>
Total Expenditures	<u>\$ 6,337,097</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 210,307</u>
Fund Balance - January 1	<u>\$ 4,127,128</u>
Fund Balance - December 31	<u><u>\$ 4,337,435</u></u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

Net Change in *Fund Balances* - Total Governmental Funds \$ 210,307

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year.

Current Year Capital Outlay	\$ 142,858	
Current Year Depreciation Expense	<u>(107,823)</u>	35,035

The proceeds of debt issuances are reporting as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayment exceeded debt proceeds.

Repayment of Debt - Loans Payable		134,013
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Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	\$ (10,127)	
Net Change in Interest Payable	<u>7</u>	<u>(10,120)</u>

Change in Net Assets of Governmental Activities		<u>\$ 369,235</u>
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The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF NET ASSETS
December 31, 2008

	<u>Governmental Activities</u>
<u>ASSETS:</u>	
Cash and Investments	\$ 3,522,227
Accounts Receivable	696,185
Note Receivable	40,818
Capital Assets (net of accumulated depreciation):	
Land	5,750
Building Improvements	219,722
Buildings	2,556,829
Vehicles	26,071
Equipment	60,574
Construction in Progress	108,658
Total Capital Assets	<u>\$ 2,977,604</u>
Total Assets	<u>\$ 7,236,834</u>
<u>LIABILITIES:</u>	
Accounts Payable	\$ 121,012
Sales Tax Payable	237
State Tax Payable	3
Retainage Payable	10,850
Interest Payable	21
Long-Term Liabilities:	
Due Within One Year:	
Loans Payable	89,013
Compensated Absences	13,742
Due After One Year:	
Loans Payable	373,146
Compensated Absences	123,684
Total Liabilities	<u>\$ 731,708</u>
<u>NET ASSETS:</u>	
Invested in Capital Assets Net of Related Debt	\$ 2,515,445
Restricted for:	
Public Safety	<u>3,989,681</u>
Total Net Assets	<u>\$ 6,505,126</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

Functions/Programs	Expenses	<u>Program Revenues</u>		Net (Expense)
		Charges for	Operational	Revenue and
		Services	Grants and	Net Assets
			Contributions	Changes in
<u>Governmental Activities:</u>				
Public Safety	\$ 5,689,843	\$ 6,175,209	\$ 44,175	\$ 529,541
Interest & Service Charges	2,174	-	-	(2,174)
Total Governmental Activities	<u>\$ 5,692,017</u>	<u>\$ 6,175,209</u>	<u>\$ 44,175</u>	<u>\$ 527,367</u>
<u>General Revenues:</u>				
Interest Income				\$ 109,853
Miscellaneous Income				<u>280,208</u>
Total General Revenues				<u>\$ 390,061</u>
Change in Net Assets				<u>\$ 917,428</u>
Net Assets - January 1				\$ 5,253,288
Prior Period Adjustment				<u>334,410</u>
Net Assets - January 1, as restated				<u>\$ 5,587,698</u>
Net Assets - December 31				<u>\$ 6,505,126</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	<u>ASSETS</u>	<u>General</u>
Cash and Investments		\$ 3,522,227
Accounts Receivable		696,185
Note Receivable		<u>40,818</u>
Total Assets		<u>\$ 4,259,230</u>
	<u>LIABILITIES AND FUND BALANCES</u>	
<u>Liabilities:</u>		
Accounts Payable		\$ 121,012
Sales Tax Payable		237
State Tax Payable		3
Retainage Payable		<u>10,850</u>
Total Liabilities		<u>\$ 132,102</u>
<u>Fund Balances:</u>		
Unreserved Reported In:		
General Fund		<u>\$ 4,127,128</u>
Total Fund Balances		<u>\$ 4,127,128</u>
Total Liabilities and Fund Balances		<u>\$ 4,127,131</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2008

Total *Fund Balances* for Governmental Funds \$ 4,127,128

Total *net assets* reported for government activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds.

Cost of Capital Assets	\$ 3,396,567	
Less Accumulated Depreciation	(418,963)	
Net Capital Assets	<u>2,977,604</u>	2,977,604

Long-term liabilities applicable to the Center's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities-both current and long-term- are reported in the statement of net assets. Balances at December 31, 2008 are:

Interest Payable	\$ (21)	
Loans Payable	(462,159)	
Compensated Absences	<u>(137,426)</u>	
Total Long-Term Liabilities		<u>(599,606)</u>

Total Net Assets of Governmental Activities \$ 6,505,126

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	<u>General</u>
<u>Revenues:</u>	
Intergovernmental	\$ 44,175
Charge for Services	6,175,209
Interest	109,853
Miscellaneous	<u>280,208</u>
Total Revenues	<u>\$ 6,609,445</u>
<u>Expenditures:</u>	
Current:	
Public Safety	\$ 5,941,093
Debt Service:	
Principal	161,145
Interest	<u>2,247</u>
Total Expenditures	<u>\$ 6,104,485</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 504,960</u>
Fund Balance - January 1	<u>\$ 3,622,168</u>
Fund Balance - December 31	<u><u>\$ 4,127,128</u></u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

Net Change in *Fund Balances* - Total Governmental Funds \$ 504,960

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current year.

Current Year Capital Outlay	\$ 362,159	
Current Year Depreciation Expense	<u>(98,454)</u>	263,705

The net effect of miscellaneous transactions involving capital assets is to decrease net capital assets. (1,080)

The proceeds of debt issuances are reporting as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, issuing debt increases long-term liabilities and does not affect the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which debt repayment exceeded debt proceeds.

Repayment of Debt - Contract for Deed	\$ 58,133	
Repayment of Debt - Loans Payable	<u>103,012</u>	161,145

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Net Change in Compensated Absences	\$ (11,375)	
Net Change in Interest Payable	<u>73</u>	<u>(11,302)</u>

Change in Net Assets of Governmental Activities \$ 917,428

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
December 31, 2010, 2009, and 2008

	Agency Funds		
	<u>2010</u>	<u>2009</u>	<u>2008</u>
<u>Assets:</u>			
Cash and Investments	<u>\$ 186,738</u>	<u>\$ 205,055</u>	<u>\$ 202,726</u>
<u>Liabilities:</u>			
Due to Inmates	<u>\$ 186,738</u>	<u>\$ 205,055</u>	<u>\$ 202,726</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010, 2009, and 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Southwest Multi-County Correctional Center, Dickinson, North Dakota, have not been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The correction center does not maintain capital asset records. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The accompanying financial statements present the activities of the Southwest Multi-County Correctional Center. The enforcement center has considered all potential component units for which the enforcement center is financially accountable, and other organizations for which the nature and significance of their relationship with the enforcement center are such that exclusion would cause the enforcement center's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the Southwest Multi-County Correctional Center to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Southwest Multi-County Correctional Center.

As required by generally accepted accounting principles, the financial statements of the reporting entity include only the Southwest Multi-County Correctional Center (the primary government), as there are no component units. The Southwest Multi-County Correctional Center is a joint venture of Billings, Bowman, Dunn, Hettinger, Slope, and Stark Counties.

B. Basis of Presentation

Government-wide statements: The statement of net assets and the statement of activities display information about the primary government, the Southwest Multi-County Correctional Center. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Correctional Center's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

SOUTHWEST MULTI-COUNTY CORRECTION CENTER

Notes to the Financial Statements - Continued

Fund Financial Statements: The fund financial statements provide information about the center's governmental funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The Correctional Center reports the following major governmental fund:

General Fund. This is the center's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Correctional Center reports the following fund type:

Agency Fund. This fund accounts for assets held by the center in a custodial capacity as an agent on behalf of others. The center's agency fund is used to account for activity at the jail commissary.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide and Fiduciary Fund Financial Statements. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Center gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Center considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Charges for services and investment income are considered susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Center funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Center's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

Cash includes amounts in demand deposits. Deposits must either be deposited with the Bank of North Dakota or in other financial institutions situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or secured with pledges of securities equal to 110% of the uninsured balance.

State statutes authorize the correctional center to invest in:

- (1) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentality's, or organizations created by an act of Congress.
- (2) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are of the type listed above.
- (3) Certificates of deposit fully insured by the federal deposit insurance corporation or by the state.
- (4) Obligations of the state.

Investments of the Correctional Center consist of certificates of deposit and are stated at cost.

E. Capital Assets

Capital assets include land, buildings and equipment. Assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial, individual cost of \$5,000 or more, except land, which is all capitalized. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of is not capitalized.

Capital assets are depreciated using the straight line method with the following estimated useful lives:

Buildings	50 years
Vehicles	5 years
Furniture and Equipment	5-20 years

F. Compensated Absences

Full-time employees are granted vacation benefits from 8 to 16 hours per month depending on tenure with the Center. Upon termination of employment, employees will be paid for vacation benefits that have been accrued to a maximum of 240 hours. Sick leave benefits accrue at the rate of 8 hours per month. Unused sick leave benefits are allowed to carry over from year to year with no cap. Upon termination of employment or retirement after 10 years of consecutive employment, sick leave benefits will be compensated at a rate of one hour for every 4 hours of unused sick leave.

G. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long term obligations are reported as liabilities in the governmental activities statement of net assets. Bond premiums, discounts and issuance costs are recognized in the current period since the amounts are not material.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and issuance costs in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

SOUTHWEST MULTI-COUNTY CORRECTION CENTER

Notes to the Financial Statements - Continued

NOTE 2: DEPOSITS

In accordance with North Dakota Statutes, the Southwest Multi-County Correctional Center maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Deposits must either be deposited with the Bank of North Dakota or in other financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the deposits not covered by insurance or bonds.

Authorized collateral includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, Federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of North Dakota, its boards, agencies or instrumentalities or by any city, township, school, park, Law Enforcement Center, or other political subdivision of the state of North Dakota. Whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by any other state of the United States or such other securities approved by the banking board.

At year ended December 31, 2010, the Southwest Multi-County Correctional Center's carrying amount of deposits was \$3,912,563 and the bank balances totaled \$4,123,107. Of the bank balances, \$750,000 was covered by Federal Depository Insurance. The remaining bank balances totaling \$3,373,107 were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2009, the Southwest Multi-County Correctional Center's carrying amount of deposits was \$4,147,591 and the bank balances totaled \$4,291,439. Of the bank balances, \$750,000 was covered by Federal Depository Insurance. The remaining bank balances totaling \$3,541,439 were collateralized with securities held by the pledging financial institution's agent in the government's name.

At year ended December 31, 2008, the Southwest Multi-County Correctional Center's carrying amount of deposits was \$3,820,953 and the bank balances totaled \$4,097,422. Of the bank balances, \$750,000 was covered by Federal Depository Insurance. The remaining bank balances totaling \$3,347,422 were collateralized with securities held by the pledging financial institution's agent in the government's name.

Credit Risk:

The Southwest Multi-County Correctional Center may invest idle funds as authorized in North Dakota Statutes, as follows:

- (a) Bonds, treasury bills and notes, or other securities that are a direct obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organizations created by an act of congress.
- (b) Securities sold under agreements to repurchase written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above.
- (c) Certificates of Deposit fully insured by the federal deposit insurance corporation.
- (d) Obligations of the state.

SOUTHWEST MULTI-COUNTY CORRECTION CENTER
Notes to the Financial Statements - Continued

Concentration of Credit Risk:

As of December 31, 2010, 2009, and 2008, the correctional center had certificates of deposit totaling \$3,110,872, \$3,062,357, and \$2,481,921, respectively, all of which were considered deposits.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable consists of amounts due from other entities for services performed during the years ending December 31, 2010, 2009, and 2008.

NOTE 4: NOTE RECEIVABLE

The note receivable consists of the Southwest Multi-County Correctional Center's portion of the Dickinson Law Enforcement Center fund. There is an agreement between the Correctional Center, City, and County to contribute funds to the Dickinson Law Enforcement Center. As of December 31, 2010, the note receivable balance for the Correctional Center was \$40,766.

NOTE 5: ACCOUNTS PAYABLE

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2010, 2009 and 2008, and chargeable to appropriations for the years then ended, but paid subsequent to that date.

NOTE 6: CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2010, 2009, and 2008 for the primary government:

Primary Government	Balance 1-1-10	Increases	Deletions	Transfers	Balance 12-31-10
<i>Capital assets not being depreciated:</i>					
Land	\$ 5,750	\$ -	\$ -	\$ -	\$ 5,750
Construction in Progress	-	626,565	-	-	626,565
Total Capital Assets Not Being Depreciated	\$ 5,750	\$626,565	\$ -	\$ -	\$ 632,315
<i>Capital assets, being depreciated:</i>					
Building Improvements	\$ 426,781	\$101,277	\$ -	\$ -	\$ 528,058
Buildings	2,752,345	-	-	-	2,752,345
Vehicles	91,333	30,688	(27,464)	-	94,557
Equipment	263,217	30,225	-	-	293,442
Total Capital Assets, Being Depreciated	\$3,533,676	\$162,190	\$(27,464)	\$ -	\$3,668,402
<i>Less accumulated depreciation for:</i>					
Building Improvements	\$ 13,020	\$ 10,561	\$ -	\$ -	\$ 23,581
Buildings	250,563	55,047	-	-	305,610
Vehicles	55,358	15,299	(14,491)	-	56,166
Equipment	207,846	22,974	-	-	230,820
Total Accumulated Depreciation	\$ 526,787	\$103,881	\$(14,491)	\$ -	\$ 616,177
Total Capital Assets Being Depreciated, Net	\$3,006,889	\$ 58,309	\$(12,973)	\$ -	\$3,052,225
Governmental Activities Capital Assets, Net	\$3,012,639	\$684,874	\$(12,973)	\$ -	\$3,684,540

SOUTHWEST MULTI-COUNTY CORRECTION CENTER
Notes to the Financial Statements - Continued

Primary Government	Balance 1-1-09	Increases	Deletions	Transfers	Balance 12-31-09
<i>Capital assets not being depreciated:</i>					
Land	\$ 5,750	\$ -	\$ -	\$ -	\$ 5,750
Construction in Progress	108,658	10,921	-	(119,579)	-
Total Capital Assets Not Being Depreciated	\$ 114,408	\$ 10,921	\$ -	\$(119,579)	\$ 5,750
<i>Capital assets, being depreciated:</i>					
Building Improvements	\$ 224,206	\$ 82,996	\$ -	\$ 119,579	\$ 426,781
Buildings	2,752,345	-	-	-	2,752,345
Vehicles	67,233	24,100	-	-	91,333
Equipment	238,375	24,842	-	-	263,217
Total Capital Assets, Being Depreciated	\$3,282,159	\$131,938	\$ -	\$ 119,579	\$3,533,676
<i>Less accumulated depreciation for:</i>					
Building Improvements	\$ 4,484	\$ 8,536	\$ -	\$ -	\$ 13,020
Buildings	195,516	55,047	-	-	250,563
Vehicles	41,162	14,196	-	-	55,358
Equipment	177,801	30,045	-	-	207,846
Total Accumulated Depreciation	\$ 418,963	\$107,824	\$ -	\$ -	\$ 526,787
Total Capital Assets Being Depreciated, Net	\$2,863,196	\$ 24,114	\$ -	\$ 119,579	\$3,006,889
Governmental Activities Capital Assets, Net	\$2,977,604	\$ 35,035	\$ -	\$ -	\$3,012,639

Primary Government	Balance 1-1-08	Adjustments	Increases	Deletions	Balance 12-31-08
<i>Capital assets not being depreciated:</i>					
Land	\$ 5,750	\$ -	\$ -	\$ -	\$ 5,750
Construction in Progress	-	-	108,658	-	108,658
Total Capital Assets Not Being Depreciated	\$ 5,750	\$ -	\$108,658	\$ -	\$ 114,408
<i>Capital assets, being depreciated:</i>					
Building Improvements	\$ -	\$ -	\$224,206	\$ -	\$ 224,206
Buildings	2,411,110	341,235	-	-	2,752,345
Vehicles	60,983	-	6,250	-	67,233
Equipment	220,730	-	23,045	(5,400)	238,375
Total Capital Assets, Being Depreciated	\$2,692,823	\$341,235	\$253,501	\$(5,400)	\$3,282,159
<i>Less accumulated depreciation for:</i>					
Building Improvements	\$ -	\$ -	\$ 4,484	\$ -	\$ 4,484
Buildings	133,644	6,825	55,047	-	195,516
Vehicles	30,576	-	10,586	-	41,162
Equipment	153,784	-	28,337	(4,320)	177,801
Total Accumulated Depreciation	\$ 318,004	\$ 6,825	\$ 98,454	\$(4,320)	\$ 418,963
Total Capital Assets Being Depreciated, Net	\$2,374,819	\$334,410	\$155,047	\$(1,080)	\$2,863,196
Governmental Activities Capital Assets, Net	\$2,380,569	\$334,410	\$263,705	\$(1,080)	\$2,977,604

Depreciation expense totaling \$103,881, \$107,824, and \$98,454 for the years ending December 31, 2010, 2009, and 2008, respectively, was charged to the Public Safety function.

SOUTHWEST MULTI-COUNTY CORRECTION CENTER
Notes to the Financial Statements - Continued

NOTE 7: LONG-TERM DEBT

Primary Government:

Changes in Long-Term Liabilities - During the years ended December 31, 2010, 2009, and 2008; the following changes occurred in governmental activities long-term liabilities for the primary government:

Primary Government:	Balance 1-1-10	Additions	Reductions	Balance 12-31-10	Due Within One Year
Loans Payable	\$328,146	\$ -	\$(89,236)	\$238,910	\$58,910
Compensated Absences *	147,553	16,530	-	164,083	16,408
Total - Primary Government	\$475,699	\$16,530	\$(89,236)	\$402,993	\$75,318

Primary Government:	Balance 1-1-09	Additions	Reductions	Balance 12-31-09	Due Within One Year
Loans Payable	\$462,159	\$ -	\$(134,013)	\$328,146	\$ 89,236
Compensated Absences *	137,426	10,127	-	147,553	14,755
Total - Primary Government	\$599,585	\$10,127	\$(134,013)	\$475,699	\$103,991

Primary Government:	Balance 1-1-08	Additions	Reductions	Balance 12-31-08	Due Within One Year
Contract for Deed	\$ 58,133	\$ -	\$(58,133)	\$ -	\$ -
Loans Payable	565,171	-	(103,012)	462,159	89,013
Compensated Absences *	126,051	11,375	-	137,426	13,743
Total - Primary Government	\$749,355	\$11,375	\$(161,145)	\$599,585	\$102,756

* The change in compensated absences is shown as a net change because changes in salary prohibit exact calculations of additions and reductions at a reasonable cost.

Loans Payable:

\$330,000 Rural Economic Development Loan through Slope Electric Cooperative Inc.; due as funds become available from revenue generated by the New England facility. This loan does not bear interest. \$ 6,111

\$50,000 Loan Payable from the Rural Economic Area Partnership (REAP); due in quarterly installments of \$1,986 through November 15, 2011; interest at 3%. 7,799

\$450,000 Promissory Note from Stark, Billings, Bowman, Slope, Dunn, and Hettinger Counties; due as funds become available from revenue generated by the New England facility. This loan does not bear interest and has no set principal payment schedule. 225,000

Total Loans Payable \$238,910

The annual requirements to amortize the contract for deed and loans payable are as follows:

Year Ending December 31	Loans Payable *	
	Principal	Interest
2011	\$13,910	\$147

* The \$450,000 promissory notes are not included. They do not have an amortization schedule as the Correctional Center is allowed to make payments as funds are available.

SOUTHWEST MULTI-COUNTY CORRECTION CENTER

Notes to the Financial Statements - Continued

NOTE 8: RISK MANAGEMENT

The Southwest Multi-County Correctional Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

In 1986, state agencies and political subdivisions of the State of North Dakota joined together to form the North Dakota Insurance Reserve Fund (NDIRF), a public entity risk pool currently operating as a common risk management and insurance program for the state and over 2,000 political subdivisions. The Southwest Multi-County Correctional Center pays an annual premium to NDIRF for its general liability, automobile, and inland marine insurance coverage. The coverage by NDIRF is limited to losses of two million dollars per occurrence for general liability, two million dollars per occurrence for automobile, and \$202,930 for mobile equipment and portable property.

The Southwest Multi-County Correctional Center also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The Correctional Center pays an annual premium to the Fire and Tornado Fund to cover property damage to buildings and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 12 month period. The State Bonding Fund currently provides the Correctional Center with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The Southwest Multi-County Correctional Center has workers compensation with the North Dakota Workforce Safety and Insurance. The Correctional Center provides health insurance for its employees through Blue Cross/Blue Shield of North Dakota, and pays up to \$800 per month premium for all full time employees. Part time employees receive a single plan after one year and 1,200 hours of employment.

Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 9: RETIREMENT PLAN

The correctional center provides pension benefits for all full time employees through a defined contribution plan administered by American State Bank and Trust Company. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate in the plan after 1,000 hours of service. The correctional center pays 6% of the employee's salary each month. The employee will contribute a mandatory 2% and the correctional center matches that amount by 4%. Each employee may contribute up to 8% in additional contributions in the voluntary after-tax contribution plan.

The Southwest Multi-County Correctional Center's total contributions for the years ended December 31, 2010, 2009 and 2008 were \$314,603, \$264,860, and \$247,677, respectively.

NOTE 10: CONSTRUCTION IN PROGRESS

The Center had the following open construction commitments at December 31, 2010:

December 31, 2010	Original Contract	Total Completed	Remaining Balance	Retainage
DWCRC Control/Visitation-Kolling & Kolling	\$ 626,000	\$391,600	\$234,400	\$39,160
DWCRC Control/Visitation-Central Mechanical	256,000	90,100	165,900	9,010
DWCRC Control/Visitation- Denny's Electric	271,993	63,395	208,598	6,340
DWCRC Control/Visitation- Denny's Electric	138,479	117,707	20,772	-
Total	\$1,292,472	\$662,803	\$629,669	\$54,510

NOTE 11: PRIOR PERIOD ADJUSTMENT

The prior period adjustment shown in the statement of activities was due an adjustment to beginning net capital assets. The adjustment was made to accumulated depreciation. The Governmental Fund Balance adjustment, as shown above, will also affect the beginning Net Assets Equity. The adjustment to beginning net assets equity is as follows for the year beginning January 1, 2010:

	Amounts
Net Assets Equity as previously reported	\$5,253,288
Adjustments to restate the January 1, 2008 net assets equity for the following:	
Adjustments to Capital assets	341,235
Adjustment to Depreciation	(6,825)
Net Assets Equity January 1, 2009 as restated	<u>\$5,587,698</u>

NOTE 12: CONTINGENT LIABILITIES

The Southwest Multi-County Correctional Center is a defendant in various lawsuits incident to its operations. In the opinion of Correctional Center Counsel and management, such claims against the Correctional Center not covered by insurance would not materially affect the financial condition of the Correctional Center.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 25,242	\$ (14,758)
Charge for Services	7,133,041	7,133,041	6,460,806	(672,235)
Interest	86,000	86,000	58,369	(27,631)
Miscellaneous	169,720	169,720	293,799	124,079
Total Revenues	<u>\$ 7,428,761</u>	<u>\$ 7,428,761</u>	<u>\$ 6,838,216</u>	<u>\$ (590,545)</u>
<u>Expenditures:</u>				
Current:				
Public Safety	<u>\$ 7,428,761</u>	<u>\$ 7,428,761</u>	<u>\$ 7,292,681</u>	<u>\$ 136,080</u>
Total Expenditures	<u>\$ 7,428,761</u>	<u>\$ 7,428,761</u>	<u>\$ 7,292,681</u>	<u>\$ 136,080</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (454,465)</u>	<u>\$ (454,465)</u>
Fund Balance - January 1	<u>\$ 4,337,435</u>	<u>\$ 4,337,435</u>	<u>\$ 4,337,435</u>	<u>\$ -</u>
Fund Balance - December 31	<u>\$ 4,337,435</u>	<u>\$ 4,337,435</u>	<u>\$ 3,882,970</u>	<u>\$ (454,465)</u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2009

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 39,000	\$ 39,000	\$ 30,412	\$ (8,588)
Charge for Services	6,585,358	6,585,358	6,124,999	(460,359)
Interest	63,000	63,000	96,885	33,885
Miscellaneous	152,330	152,330	295,108	142,778
Total Revenues	\$ 6,839,688	\$ 6,839,688	\$ 6,547,404	\$ (292,284)
<u>Expenditures:</u>				
Current:				
Public Safety	\$ 6,828,225	\$ 6,828,225	\$ 6,337,097	\$ 491,128
Total Expenditures	\$ 6,828,225	\$ 6,828,225	\$ 6,337,097	\$ 491,128
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,463	\$ 11,463	\$ 210,307	\$ 198,844
Fund Balance - January 1	\$ 4,127,128	\$ 4,127,128	\$ 4,127,128	\$ -
Fund Balance - December 31	\$ 4,138,591	\$ 4,138,591	\$ 4,337,435	\$ 198,844

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenues:</u>				
Intergovernmental	\$ 33,000	\$ 33,000	\$ 44,175	\$ 11,175
Charge for Services	6,460,366	6,460,366	6,175,209	(285,157)
Interest	12,000	12,000	109,853	97,853
Miscellaneous	157,780	157,780	280,208	122,428
Total Revenues	<u>\$ 6,663,146</u>	<u>\$ 6,663,146</u>	<u>\$ 6,609,445</u>	<u>\$ (53,701)</u>
<u>Expenditures:</u>				
Current:				
Public Safety	<u>\$ 6,529,086</u>	<u>\$ 6,529,086</u>	<u>\$ 6,104,485</u>	<u>\$ 424,601</u>
Total Expenditures	<u>\$ 6,529,086</u>	<u>\$ 6,529,086</u>	<u>\$ 6,104,485</u>	<u>\$ 424,601</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 134,060</u>	<u>\$ 134,060</u>	<u>\$ 504,960</u>	<u>\$ 370,900</u>
Fund Balance - January 1	<u>\$ 3,622,168</u>	<u>\$ 3,622,168</u>	<u>\$ 3,622,168</u>	<u>\$ -</u>
Fund Balance - December 31	<u><u>\$ 3,756,228</u></u>	<u><u>\$ 3,756,228</u></u>	<u><u>\$ 4,127,128</u></u>	<u><u>\$ 370,900</u></u>

The notes to the financial statements are an integral part of this statement.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2010, 2009, and 2008

NOTE 1: BUDGETS

The Southwest Multi-County Correctional Center adopts an annual budget on the modified accrual basis of accounting for the general fund.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- The financial administrator prepares a preliminary budget on an annual basis. The budget includes proposed expenditures and means of financing them.
- The governing board adopts the final budget
- The governing board may amend the budget during the year for any revenues and appropriations not anticipated at the time the budget was prepared.
- All annual appropriations lapse at year-end.

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2010

	Balance 1-1-10	Reciepts	Transfers In	Transfers Out	Disbursements	Balance 12-31-10
<u>Major Fund:</u>						
General Fund	\$ 4,387,283	\$ 6,838,216	\$ -	\$ -	\$ 7,288,019	\$ 3,937,480
Total Governmental Funds	\$ 4,387,283	\$ 6,838,216	\$ -	\$ -	\$ 7,288,019	\$ 3,937,480
<u>Agency Fund:</u>						
SWCCC- Commissary	\$ 68,611	\$ 458,860	\$ -	\$ -	\$ 477,177	\$ 50,294
DWCRC- Commissary	130,841	453,629	-	-	448,026	136,444
Total Agency	\$ 199,452	\$ 912,489	\$ -	\$ -	\$ 925,203	\$ 186,738
Total All Funds	\$ 4,586,735	\$ 7,750,705	\$ -	\$ -	\$ 8,213,222	\$ 4,124,218

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2009

	Balance 1-1-09	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-09
<u>Major Fund:</u>						
General Fund	\$ 4,160,070.20	\$ 6,547,404.59	\$ -	\$ -	\$ 6,320,191.66	\$ 4,387,283.13
Total Governmental Funds	\$ 4,160,070.20	\$ 6,547,404.59	\$ -	\$ -	\$ 6,320,191.66	\$ 4,387,283.13
<u>Agency Fund:</u>						
SWCCC- Commissary	\$ 71,884.00	\$ 385,568.00	\$ -	\$ -	\$ 388,841.00	\$ 68,611.00
DWCRC- Commissary	130,841.00	453,629.15	-	-	448,026.00	136,444.15
Total Agency	\$ 202,725.00	\$ 839,197.15	\$ -	\$ -	\$ 836,867.00	\$ 205,055.15
Total All Funds	\$ 4,290,911.20	\$ 7,001,033.74	\$ -	\$ -	\$ 6,768,217.66	\$ 4,523,727.28

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

SCHEDULE OF FUND ACTIVITY
For the Year Ended December 31, 2008

	Balance 1-1-08	Receipts	Transfers In	Transfers Out	Disbursements	Balance 12-31-08
<u>Major Fund:</u>						
General Fund	\$ 3,622,169.00	\$ 6,609,443.96	\$ -	\$ -	\$ 6,071,542.76	\$ 4,160,070.20
Total Governmental Funds	\$ 3,622,169.00	\$ 6,609,443.96	\$ -	\$ -	\$ 6,071,542.76	\$ 4,160,070.20
<u>Agency Fund:</u>						
SWCCC- Commissary	\$ 73,365.00	\$ 350,594.00	\$ -	\$ -	\$ 352,075.00	\$ 71,884.00
DWCRC- Commissary	105,730.00	460,643.54	-	-	435,532.00	130,841.54
Total Agency	\$ 179,095.00	\$ 811,237.54	\$ -	\$ -	\$ 787,607.00	\$ 202,725.54
Total All Funds	\$ 3,727,899.00	\$ 7,070,087.50	\$ -	\$ -	\$ 6,507,074.76	\$ 4,290,911.74

STATE AUDITOR

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STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Center Commissioners
Southwest Multi-County Correctional Center
Dickinson, North Dakota

We have audited the financial statements of the governmental activities and the major fund of the Southwest Multi-County Correctional Center, Dickinson, North Dakota, as of and for the years ended December 31, 2010, 2009, and 2008, which collectively comprise the Southwest Multi-County Correctional Center's basic financial statements and have issued our report thereon dated January 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Southwest Multi-County Correctional Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Multi-County Correctional Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southwest Multi-County Correctional Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Correctional Center's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Multi-County Correctional Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the governing board, and others within the center and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Bob Peterson". The signature is fluid and cursive, with a large, prominent "P" in the middle.

Robert R. Peterson
State Auditor

January 19, 2012

SOUTHWEST MULTI-COUNTY CORRECTIONAL CENTER
Dickinson, North Dakota

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Years Ended December 31, 2010, 2009, and 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of Report Issued?

Governmental Activities
Major Funds

Unqualified
Unqualified

Internal control over financial reporting:

Material weaknesses identified?

 X Yes No

Significant deficiencies identified not considered
to be material weaknesses?

 X Yes

Noncompliance material to financial statements
noted?

 Yes X No

Section II - Financial Statement Findings

No matters were reported.